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February 13, 2013

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Delivered by email: elizabeth.loeb@usdoj.gov; vergeront.julie@epa.gov;
cunningham.roylene@epa.gov

Re: Clearwater Paper Response to January Meeting

Dear Liz:

Thank you for the presentation and discussion on January 14, 2013, regarding the U.S. Environmental Protection Agency's allegations against Clearwater Paper Corporation. At the close of the meeting you requested that the following be submitted by February 13, 2013: (1) Clearwater's expressed willingness to continue negotiations; (2) Clearwater's expressed willingness to extend the Tolling Agreement through September 2013; (3) leak detection test reports for the brown stock washers; (4) update on injunctive relief installation on the brown stock washers; and (5) indication from Clearwater about injunctive relief on the M&D digesters. This letter provides the information you requested.

Negotiations. First, Clearwater will continue to negotiate and exchange information cooperatively in effort to resolve EPA's concerns without litigation. To enable continuation of those conversations, Clearwater is willing to extend the Tolling Agreement. Please provide an Amended Tolling Agreement for Clearwater to review.



Liz Loeb
February 13, 2013
Page 2

Washers. Next, six test reports are attached and demonstrate that volatile organic compound (VOC) concentrations are well below the threshold that defines a leak for purposes of 40 CFR Part 63, Subpart S, as set forth in 40 CFR 63.450(c) and 63.457(d). Clearwater maintains that the puffs are not leaks for the operational reasons previously presented to EPA; however, to ensure that emissions, if any, from the steam puffs were below regulatory concern, Clearwater initiated this voluntary testing.

During our meeting Clearwater reconfirmed for EPA that the mill is installing new doors and seals on the washers, even though Clearwater maintains that the steam puffs did not emit regulated levels of emissions under either New Source Performance Standards nor National Emissions Standards for Hazardous Air Pollutants. Once EPA made its concerns clearly known last fall, Clearwater determined that eliminating the puffs was the most efficacious and direct path to respond to those concerns. This work may be complete as soon as March 1, 2013.

Digesters. Finally, our work to respond to the M&D digester concerns presented by EPA on January 14, 2013 is ongoing. After our meeting in Seattle, Clearwater initiated research to better prepare a response to EPA. This research includes: review of historic mill records to recollect the basis for relying upon EPA's March 31, 2000 Q&A document; contacts to former mill employees involved with development of the mill's original compliance demonstration in 2000; contacts with former mill employees and other industry professionals who participated in discussions with EPA during development of the guidance; contacts with representatives of the National Council for Air & Stream Improvement, Inc. (NCASI) and to the American Forest and Paper Association (AFPA) to recollect their roles in developing the guidance and to review the level of consideration given to sawdust digesters at the time; and Clearwater is considering work on a technical assessment of the functional equivalence of the Clearwater mill's configuration to that described in EPA's guidance. As we described in Seattle, our assessment is that Clearwater's control mechanism is consistent with EPA's Q&A document and the configuration of the Clearwater digesters is functionally equivalent to the illustration in the EPA Q&A document. Specifically, application of fresh pocket steam in the Bauer valve achieves the same emissions effect as the control mechanism illustrated by EPA. Our work is ongoing and will lead to presentation of additional information to EPA on the operation and compliance of the M&D digester system with 40 CFR Part 63, Subpart S.

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Clearwater will renew its effort to address EPA's concerns about the potential for the M&D digester system to emit low volume high concentration gases to the atmosphere. We intend to have this work concluded and more



Liz Loeb
February 13, 2013
Page 3

information for EPA to consider by the end of March or early April. Meanwhile, if you have any questions, please do not hesitate to call me.

Very truly yours,

Krista K. McIntyre

cc: Julie Vergeront, EPA
Roylene Cunningham, EPA